



# Monterey Corridor Market Analysis & Implementation Options

City of Morgan Hill

Planning Commission Meeting | February 27, 2018





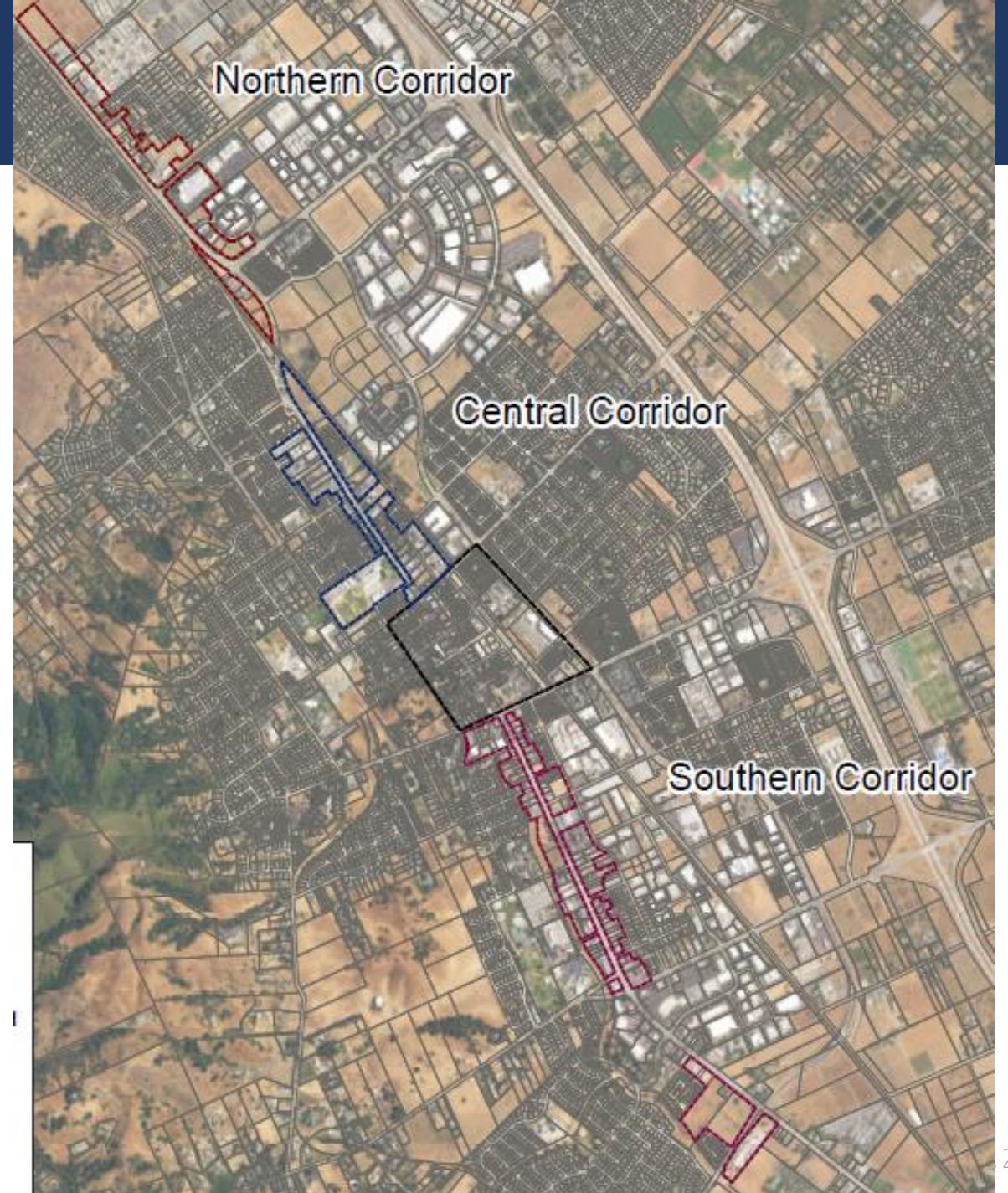
# Background

## General Plan Update (2016)

- Mixed Use Flex Designation
- Transform Monterey Corridor
  - Vibrant, walkable mixed-use

## Targeted, Flexible, Economically Grounded Planning Approach

- Land Use Inventory
- Market Analysis
- Zoning Recommendations





# Purpose

## Market Analysis & Implementation Memo

- High-level assessment of economic/market conditions
- Develop market-based regulatory options

### 3 DEMOGRAPHIC & SOCIO-ECONOMIC DATA

This Section assesses Morgan Hill's demographic and socio-economic characteristics relative to larger regions (i.e., Santa Clara County and California). The comparative context allows an understanding of Morgan Hill's unique attributes and potential opportunities or competitive advantages that may affect the City's economic performance over time. It may also provide insight as to whether existing trends in Morgan Hill may continue or adjust to larger geographic trends.

#### 3.1 POPULATIONS & HOUSEHOLDS

Trends in population and household growth can convey important information about demand for various land use types, potential consumer spending, and the need for services. Morgan Hill has, and is expected to continue to, experience stable population and household growth. On average, Morgan Hill's population grew 1.7% per year between 2000 and 2015 (26.2%) and is forecast to grow 1.9% on average per year from 2015 to 2035 (37.5%).

TABLE 3-1 POPULATION

Area	Population (2000-2035)				
	2000	2010	2015	Growth Rate 2000-2015	Growth Rate 2015-2035
Morgan Hill	13,156	17,882	42,351	28.2%	32.2%
San Jose	1,802,182	1,918,642	1,903,509	1.1%	1.0%
San Francisco	33,371,648	37,253,756	38,511,880	14.6%	17.0%

Sources: U.S. Decennial Census, San Jose Office of Planning and Economic Development, February 2017; City of Morgan Hill, Department of Planning and Economic Development

The total number of households forecast for Morgan Hill in 2035 is 18,082, which is an average 1.8% increase per year from 2015 of 238 additional households each year. This represents a slight increase from the household growth of 1.5% annually between 2000 and 2015, and is higher than the County's projected growth rate from 2015 to 2035. These growth projections reflect the constraints of the City's Residential Development Control System (RDSCS), which limits the number of residential lots that can be developed in each year's RDSCS competition to 215.

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### OPTIONS

The following options have been formulated for the City's review and discussion. As recommended in the Market Analysis Report, a zoning approach that can effectively respond to fluctuating market conditions and strategically focus commercial space is desirable. The Implementation Options Table provides a summary of the options, including pros and cons of each option.

#### 1. FORM-BASED CODE (FBC) FOR THE STUDY AREA

Option 1 offers the most amount of change to the City's Zoning Code (Code). It includes integrating new chapters and sections of form-based zones and standards into the City's existing conventional Zoning Code. A form-based code (FBC) is an approach to zoning that prioritizes the placement and relationship of buildings relative to each other and to the public right-of-way (i.e., the form of a community) over the conventional regulation of use<sup>1</sup>. FBCs typically rely on the extensive use of illustrations, photographs, and tables in addition to supplemental text, which makes them easier to use and apply than most conventional codes. FBCs are most effective at regulating the placement of buildings, building frontages (i.e., facades), building types, and in establishing streetscape standards than a conventional code, and for enabling by-right mixed-use development. If a FBC approach is implemented, a hybrid code for the City (i.e., it includes the City's existing conventional zoning code with the FBC integrated within it) would be created, which will allow for greater predictability in the built form of development and less right regulation of use in the Corridor. Additionally, the form-based zones and standards will be responsive to the commercial form of the Monterey Corridor by focusing commercial form and use in strategically located nodes or corridor segments. Option 1 may be implemented in either of the following ways.

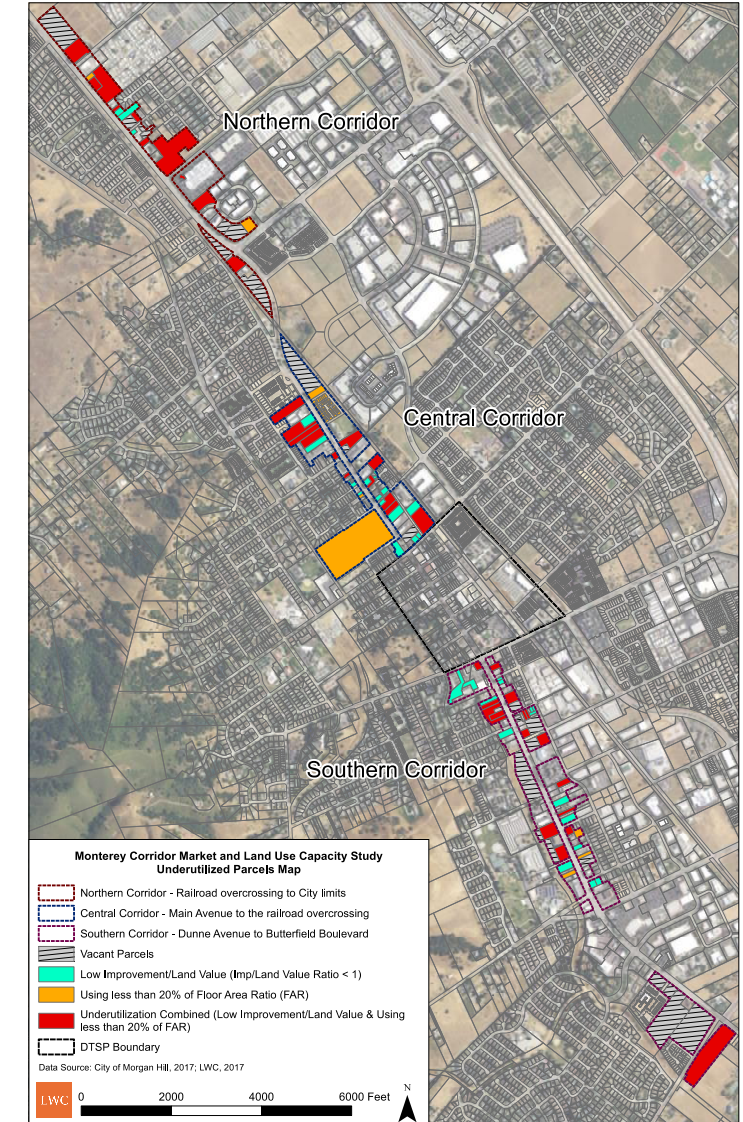
##### 1.1 COMPREHENSIVE FBC

Option 1.1 would integrate a comprehensive FBC into the City's existing Code. The FBC could be based on the principle of the transect in which standards are developed based on the character of places. Transects transition from rural to urban along a scale of increasing intensity, making form-based standards appropriate in many

<sup>1</sup> All indications of the "Code" refer to the soon-to-be adopted City of Morgan Hill Zoning Code.  
<sup>2</sup> For additional information on FBCs and a comprehensive definition and how they have been applied across the U.S., see [www.commercialcode.org/](http://www.commercialcode.org/). A notable FBC is the City of Denver's Development Code (<http://www.denvercolorado.gov/developmentcode/>).

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# Market Analysis

## Key Findings - Retail

- Retail market is stable
- Sales tax leakage in all economic categories except transportation
- Highest leakage for restaurants and apparel stores





# Market Analysis

## Key Findings

### - Office

- Cool/stable office market

### - Residential

- Residential is most highly favored



# Market Analysis

## Key Findings - Capacity

- 215,000 sf theoretical commercial market demand
- 600,000 – 1.5 million sf capacity
- 385,000 – 1.3 million sf for non-commercial uses





# Market Analysis

## Conclusions

- Zone for fluctuating market conditions
- Strategically locate commercial
  - Additional analysis for retail viability and siting
- Standards for revitalization
  - Parking
  - Building frontage standards
  - High-quality public space



# Market Analysis

## Conclusions (cont.)

- Allow “Missing Middle” housing
- Streamline projects supporting mixed-use
- Encourage temporary uses and events



*Opticos Design, Inc.*



# Implementation Options

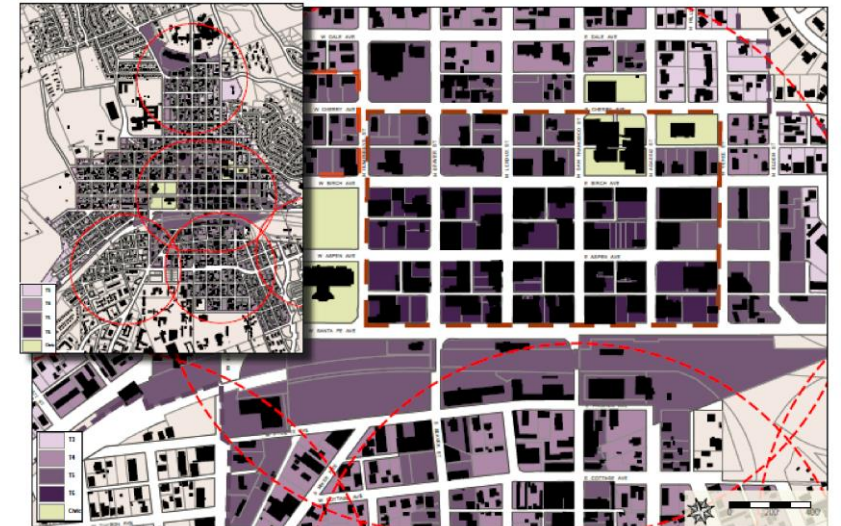
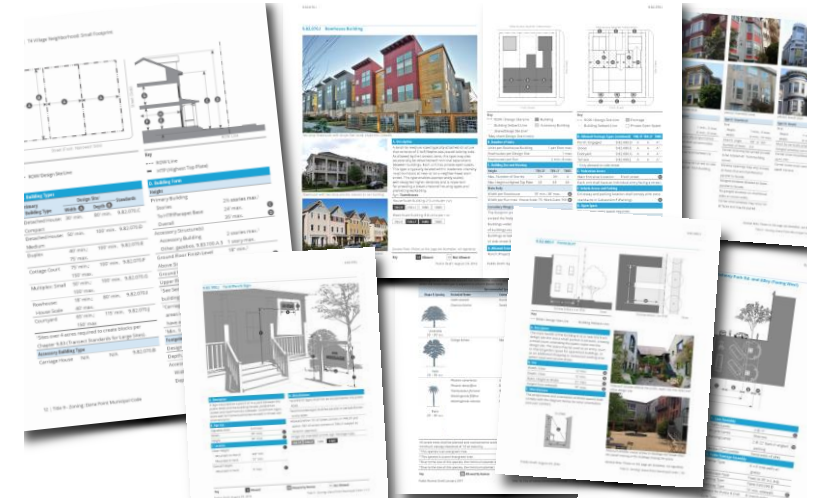
## Introduction

1. Form-Based Code (FBC)
  - 1.1 Comprehensive FBC
  - 1.2 Scaled-Down FBC
2. Conventional Code Updates
3. Specific Plan
4. Guidelines for “Block-Level Master Plans”
5. Streetscape Improvements Plan & Façade Incentive Program

# Implementation Options

## 1. Form-Based Code (FBC)

- Prioritize relationship of buildings and public realm
- Regulate building placement, frontages, open space, and streets
- Responsive to context



Charrette Summary: Land Development Code Rewrite | Flagstaff, AZ  
Opticos Design, Inc. & Lisa Wise Consulting

A.9



# Implementation Options

## 1.1 Comprehensive FBC

- New form-based zones
- Form-based standards
- Building, frontage, open space, and street types
- Design charrette (interactive multi-day workshop)

## 1.2 Scaled-Down FBC

- May include new zones
- Form-focused conventional standards
- Frontage types



# Implementation Options

## 2. Conventional Code Updates

- Revise standards applicable to the Corridor
- Revise uses for flexibility/modernization

## 3. Specific Plan

- Establish a vision; goals, policies, and programs
- Substantial community engagement
- Includes zoning standards

### 1111.030 Allowed Land Uses and Permit Requirements

- A. Land uses must comply with the allowed uses of the base zone, except as specifically modified, waived, or augmented by an overlay zone in Chapter 1117 (Overlay Zones).
- B. The land uses allowed by this Code in the non-transect commercial zones are listed in Table 1111.030.A (Non-Transect Commercial Zones Allowed Uses) below, together with the type of planning permit required for each use. Each land use listed in Table 1111.030.A (Non-Transect Commercial Zones Allowed Uses) is defined in Chapter 1181 (Definitions of Uses).
- C. **Establishment of an Allowable Use**
1. Any one or more land uses allowed in Table 1111.030.A (Non-Transect Commercial Zones Allowed Uses) may be established on any lot within the zone, subject to the planning permit requirement listed in the Table, and in compliance with all applicable requirements of this Code.
  2. Where a project on a single lot includes two or more of the land uses listed in the Table, the overall project will be subject to the highest permit level required by the Table for any individual use.
  3. A land use that is not listed in Table 1111.030.A and is determined by the Director to not be included in the definition listed in Chapter 1181 (Definitions of Uses), is not allowed, unless the Director finds that the proposed use is similar to, compatible with, and will not involve a greater intensity than a listed use and such use is consistent with the purposes of the zone, the Community Plan, and any applicable City plan.

Table 1111.030.A (Non-Transect Commercial Zones Allowed Uses)

Land Use Type	Permit Required by Zone						Specific Use Standards
	NC	SC	OC	U	MEC4	MEC4H	
Agriculture and Animal Uses							
Community Garden	P	P	P	P	P	P	Section 121.060
Kennel	CUP	CUP	-	-	-	-	
Veterinary Clinics and Hospitals	CUP	CUP	CUP	-	CUP	CUP	Section 123.200
Civic, Recreation, and Community Assembly Uses							
Cemetery	CUP	CUP					
Child Day-care Center	CUP	CUP	M				
College or University	-	CUP					
Community Assembly	CUP	CUP	C				
Entertainment - Indoor	CUP	MUP	C				
Entertainment - Outdoor	CUP	MUP	C				
Family Day-care Center	P	P					
Indoor Recreation	CUP	MUP	C				
Library and Museum	P	P					
Park and Outdoor Recreation	P	P					
Public Emergency Services	P	P					
Public Service Facility	CUP	CUP	C				
School - Public and Private	CUP	CUP					
Vocational/Technical School	-	CUP					

111103 | City of Western | Zoning Code

### 2.2.2 Vision

The Ashland District will become a transit-oriented district and the center of activity within the Ashland and Cherryland communities, offering places to live, shop, work, and play that are easily accessible by foot, bike, car, or transit. As envisioned, the District will contain a mix of uses including office space, community gathering places, and retail. Design and development regulations will promote pedestrian scale frontages that encourage residents and visitors to stop and walk along E. 14th Street. Safe pedestrian and bicycle networks will better connect the District with adjacent neighborhoods, parks and BART. Building upon existing improvements and recent development such as the Tibourci Vasquez Health Clinic and Ashland REACH Youth Center, the Ashland District will be well known by residents as a fun, safe destination for families that fosters a sense of community and pride.

Streetscapes will be improved to incorporate new lighting, benches, signage, wayfinding elements, and trees to make the District a safer, more inviting place to visit. High-density, mixed-use development will feature

attractive ground floor uses that front the street to promote revitalization and increase pedestrian activity. Pathways that bisect long lots will allow better pedestrian and bicycle access to adjacent residential uses and throughout the District. A public plaza at Ashland Avenue and E. 14th Street will further foster outdoor active uses.

The District will allow taller buildings, up to four stories, and built to the street, to support increased retail and office development. Policies and standards for on-street and on-site parking will support businesses and increase development feasibility. A public parking garage funded through parking-in-lieu fees will further increase parking capacity in the District. Residential uses will be allowed above or behind commercial space, to promote street activity during all times of day and to increase the consumer base for local businesses. New retail will generate high volumes of customer traffic that will enable the District to become a commercial anchor that supports local businesses.



ACBD Ashland District Vision for Redevelopment of Intersection at 162nd Ave. and E. 14th St.



Example of Attractive Streetscape



Example of Buildings Creating a Street Wall and Completing providing Public Gathering Space Along E. 14th St. between 162nd Ave. and 163rd Ave.



Example of Building Type and Height envisioned for the Ashland District



# Implementation Options

## 4. Guidelines for “Block-Level Master Plans”

- Required by the General Plan
- Conceptual plan
- Difficult to ensure form/character consistency

## 5. Streetscape Improvement Plan & Façade Incentive Program

- Street and façade improvements prioritized
- Less likely to achieve desired change



# Implementation Options

Option	Effectiveness	Timeframe	Cost
1.1 Comprehensive FBC	● ● ● ● ●	10-18 months	\$\$\$\$
1.2 Scaled-Down FBC	● ● ● ●	8-12 months	\$\$\$
2. Conventional Code Updates	● ● ●	6-10 months	\$\$
3. Specific Plan	● ● ● ● ●	18-24 months	\$\$\$\$\$
4. Guidelines for “Block-Level Master Plans”	● ●	4-6 months	\$
5. Streetscape Improvement Plan & Façade Incentive Program	●	TBD	TBD



# Discussion